

MEETING MINUTES CITY OF MILPITAS

Minutes of: Special Joint Meeting of Milpitas City
Council and Redevelopment Agency
Date: Tuesday, May 9, 2006
Time: 6:00 PM
Location: Council Chambers, Milpitas City Hall,
455 East Calaveras Blvd.

ROLL CALL

Mayor Esteves called the meeting to order at 6:00 PM.

PRESENT: Mayor Esteves, Vice Mayor Gomez, Councilmembers Giordano, Livengood and Polanski

ABSENT: None

PLEDGE OF ALLEGIANCE Mayor Esteves led all in the Pledge.

PUBLIC FORUM

Mr. Denny Weisgerber, 195 Casper St, Chairman of the Senior Advisory Commission, requested \$10,400 for the replacement of bingo equipment at the Senior Center. The new equipment would be portable and modern, while the existing bingo board was 25 years old. New equipment would allow for more frequent bingo days and times, along with the monthly bingo potluck.

Councilmember Giordano commented, suggesting it be assigned in the Recreation Services segment of the budget.

Mr. Rob Means, 1421 Yellowstone, displayed a video presentation of a television news segment showcasing the "personal rapid transit" concept.

Mrs. Harriet McGuire, 1620 Cater Lake Ave., Arts Commissioner, was concerned that one item considered to be cut was Public Art Funding. She did not want that to occur. 1.5% of the Capital Improvement Program – in redevelopment funds - was budgeted for acquisition and installation of public art, voted by this City Council. She would like to continue the effort toward public art in Milpitas.

Mariele Ogle, 1472 Pashote Ct, Arts Commissioner, served on the subcommittee to consider public art, and expressed that unlike union members or City employees, she emphasized that Commissioners donate their time and expertise "pro bono" to the City. She begged the Council not to cut arts funds from the budget.

Ms. Luisa Loren Cuaresma, an elected official from Nueva Vizcaya Province in the Philippines, a former Mayor, Vice Mayor and now Governor, invited the community to visit her province. She had come to visit Milpitas, where many of her fellow citizens now reside. Mayor Esteves presented her with a key to the City of Milpitas.

Bill Reisinger suggested mothballing one fire station to help the City's budget on a temporary basis.

Mabel Butler, a City crossing guard, thought the Council wanted to get rid of crossing guards, and that personally she felt that was a bad idea. The first child who gets hurt would show their value and they get no benefits, no disability, nothing extra and no raise. Her view was the crossing guards were the cheapest employees the City had and that school kids deserve it.

APPROVAL OF AGENDA

Motion: to approve the evening's agenda

Motion/Second: Councilmember Giordano/Vice Mayor Gomez

Motion carried by a vote of:

AYES: 5
NOES: 0

PUBLIC HEARINGS

1. Entertainment Event Permit for the Rotary Club Carnival

City Clerk Mary Lavelle introduced this request to the City Council.

The Milpitas Rotary Club submitted an application for an Entertainment Event Permit to hold a carnival at the Great Mall parking lot (near entrances 2 & 3) for Thursday, May 11 through Sunday, May 14, 2006. Rotary Club contracted with Butler Amusements Inc., a company based in Fairfield, which operated carnivals throughout the west, and recently, was the operator of a carnival at the Great Mall in March. Proposed hours of operation were: 4:00 – 11:00 PM Thursday - Friday, and 11:00 AM to 11:00 PM on Saturday and Sunday. The Rotary Club requested a waiver of fees for the cost of a Fire Marshal.

The public hearing was advertised in the newspaper, as required by Milpitas Municipal Code, insurance certificates were provided, and the \$15 permit application fee paid.

Mr. Todd Flesner of the Rotary Club expressed his hope that the Council approved the request, as Rotary looked forward each year to hosting a fun community event, the proceeds of which helped people through several of the Club's outreach programs.

Mayor Esteves announced this was a public hearing and asked for comments; none were heard.

(1) Motion: to close the public hearing

Motion/second: Councilmember Giordano/Vice Mayor Gomez

Motion carried by a vote of: AYES: 5
NOES: 0

(2) Motion: Approve the Entertainment Event Permit for the Rotary Club to operate a carnival at the Great Mall in Milpitas for the dates of May 11 – 14, 2006, and waive fees requested

Motion/second: Councilmember Giordano/Councilmember Polanski

Motion carried by a vote of: AYES: 5
NOES: 0

2. Proposed Fiscal Year 2006-2007 Budget

1. City Manager and Finance Director Overview

City Manager Charles Lawson introduced the budget for the coming year, describing the total overall budget of \$164 million, with the General Fund budget of \$68 million.

Finance Director Emma Karlen provided a detailed summary of the proposed FY 2006-07 budget, including the General Fund, the Redevelopment Agency, utility funds and other budget segments.

The majority of the increase requested for the new fiscal year was for the Capital Improvement Program. Without that, \$2.8 million represented a 3.2% increase over the current fiscal year budget.

Further, Ms. Karlen reviewed salary and benefit changes in the new year. The City continued to operate with vacancies in every department with attrition accounted for. She explained increases in costs that were specific, including known increased supply costs, such as gasoline for City vehicles. Capital outlay was budgeted for \$0.5 million for asphalt and other public works activity. \$54.6 million

was allocated for the Capital Improvement Program, which was due to be reviewed in more detail later in the meeting by the Public Works Director.

The Finance Director identified primary sources of City revenues, including property tax, sales tax, and service charges. \$11 million met the City's 15% reserve requirement. The PERS rate increased also, so \$5.4 million was in reserve for that expense. The city's debt service was reviewed, as well as five-year General Fund projections and anticipated deficits for those years.

Councilmember Polanski inquired about vacant employee positions, and what if those positions were removed from the budget.

Vice Mayor Gomez asked about tax revenue from newly constructed housing next to Elmwood (KB Homes), and when would sales tax for those units be realized. Staff replied in two to three years.

Mayor Esteves had questions regarding salary and benefit costs. How much was the 3% budgeted increase, in dollars? Staff replied \$1.5-1.6 million and slightly more in future budgets. The Mayor was not supportive of any increases in City salaries, based on comments he heard at the Community public meeting held on April 10. He was not comfortable with any of the increases proposed over the next five years. Also, he did not favor continual decrease in the number of employees, as that contributed to reduced services.

Vice Mayor Gomez questioned "were we doing more with less?" How was the same level of service provided to the citizens? The City Manager responded that employees were rising to the occasion, working smarter, and managers were cross-training people. The Vice Mayor asked about overtime costs for some departments and asked if it would be reduced further. Mr. Lawson explained that for the City's emergency services, occasions arise that require calling on additional staff for overtime, for example, a homicide situation or large fire incident.

Councilmember Livengood responded to the Mayor's remarks. Since Mayor Esteves had been on the Council, there were 15 or 16 employee Memorandums of Understanding, when Mr. Esteves had voted in favor on every single one of those, and thus voted for prior employee raises. He mentioned increases in retirement plans, and Mr. Esteves had seconded Mr. Livengood's motion to support the 2.7% at 55 and 3.0% at 50 retirement plans offered in Milpitas. Mr. Livengood felt that it was inconsistent, based on the Mayor's recent remarks, and said employees had families, costs have recently increased (like gas), they had gone one year without a raise already and Council was working with employees.

Councilmember Livengood believed it was hypocritical of the Mayor to blame deficits on employees, it was up to the Council, and now here was a budget that would be balanced - without using reserves (as had happened in the past) - presented by staff. His message to City employees was thank you, and Council would have to ask employees to do it again, being innovative, while they provided very good services to the community.

Mayor Esteves responded, stating he was proud of his record of voting in the past. The City wanted to stay competitive for employees, but he simply did not want to risk programs for students, seniors, and the crossing guards, among others. Other agencies have caps on medical benefits, which Milpitas should consider and they extend existing MOUs. He wanted to serve the people and did not want to be a puppet. He looked at the future and felt that programs come first before anything else.

Councilmember Livengood displayed a chart on screen, with comparison survey data of some surrounding communities, showing Milpitas in the middle. This information, he had obtained from websites online. He reported that only four employees, based on their current salary, could afford to buy a home at the median price in this city.

Mayor Esteves asked how many were paid over \$100,000? He wanted to know how much does it cost to buy a home in Milpitas? People should decide with regard to salaries and housing costs.

Councilmember Polanski announced she did not agree with the spreadsheet information that her colleague had displayed and wanted a presentation of accurate information about employee salaries overall.

Mayor Esteves then asked for public comments from the audience at this point.

Matt O'Brien, Sepulveda Ave, was very concerned about salaries and felt it was disingenuous to point to other cities that were covered by similar unions. He had emailed the City Council about the comparison to teachers, with a \$72,000 average salary and a bit more for those with a Master's degree. The average salary of a police officer was greater than that of a school principal. Look in the public sector v. private sector where there was a diminution of salaries. Unrealistic salaries were here in Milpitas. He pointed to Mr. Livengood, and asked that he consider a realistic look at salaries and wanted the Council to do something about it.

Councilmember Livengood responded that Mr. O'Brien did not make a fair comparison of teachers to firefighters. In this City, Milpitas was in a competitive job market, just like the private sector. For example, the MUSD increase to the Superintendent salary last year was a measure of staying competitive. He understood where Mr. O'Brien was coming from, and appreciated his comments.

Sylvia Leong, a local builder of homes, an ex-accountant, said Council spent 20 minutes arguing about salaries. She knew it was a difficult time for the city, but it can't retain planners in this City lately. A lot of new people who are talented have now joined the staff. While some costs were uncontrollable, it was time to look toward increasing revenues, to make So. Main St. plan work well and to bring in more funds.

Al Garcia, Ridgemont Drive, congratulated the City staff on preparation of a good budget proposal. However, it did not solve problems. He recognized the deficit as a projection, so the Council should try to see how the City could do things differently to adjust the way budget was done. What about attrition, and/or buy-outs for some employees? What about deferred maintenance? He had worked in the Pentagon, where he learned that "salami slicing" does not get the government very far. You would need to make a major cut. Many citizens were concerned about long-term financial plans and the City needed to take a hard look to address the problems.

Jerry Epps, Mt. Shasta Ave, found it most incredible that (in new MOU) in July, for the Police Department, there was a 1% pay increase, then 3%, then a 2% increase, so that over 14 months, there would be a 6% pay increase for police officers. He felt that for Silicon Valley employees, none of them were going to get 6% increase in salary, they were cutting staff in private companies and believed the City should apply business philosophy to the government.

Ray Maglalang, suggested to live below your means. What's different between the year 2000 and today? There was no deficit and no projection of the deficit that existed today. The city sold six buildings to the Redevelopment Agency for \$29 million. In the future, the City would probably have to sell the City Hall. His point of view was that equity in property was the way to solve your means.

A man (did not provide his name) stated this discussion was about jobs, and ultimately on the line was the City Councilmembers' jobs. Something dramatic must be done, and Council members were the ones who were ultimately accountable. They should make the hard decisions, and it took something big to cut into some of the public servants even if it that might take us out of line with neighboring peer cities.

John Ogle, felt the Council had an easy job compared to General Motors. The City could get in serious trouble. Benefits were going up dramatically more than salaries, and that would be a burden to the City for many years.

Ed Connor, said when you build a building, you know what you start with, and know what you will get at the end. So, maybe when building homes behind the Fire Station, the City could buy some of the houses, and then reduce the salaries of new employees who could then move in. Those employees would thus live in town, close to their jobs and close by during emergencies.

Councilmember Giordano inquired whether the Finance Director presented information to reflect the recovering economic values, in the past fiscal year and staff replied yes. The Councilwoman

also asked about any projected revenue increase for the coming year. Ms. Karlen quoted her estimated projection of \$4.5 million more in projected revenue, than original estimates had predicted.

2. Operating Departments/Divisions Presentations

- **City Council**

City Manager Charles Lawson presented the City Council's budget proposal. He reviewed three functions: serve as governing body, develop and direct policy, adopt annual budget and Capital Improvement Program, and three accomplishments: policy direction given to staff, guidance for cost controls, and RDA oversight on construction projects. These were the significant identified City Council actions over the past fiscal year.

- **City Manager**

Mr. Lawson reviewed three functions of the City Manager office: daily operation of government, implementing Council policy, and recommending strategies and solutions, along with three accomplishments: leadership, cost control strategies, and service level maintenance, all in his direct office. A significant personnel change in his area was that the Principal Administrative Analyst was moved to the Planning Department. The large increase noted was to pay for the extended Library hours (Mondays and some other hours) as well as for some college courses offered and paid for by the City.

Vice Mayor Gomez asked if the lack of an Assistant City Manager provided savings of about \$200,000. Also, he clarified that the Principal Analyst was moved over to Planning but she was still being paid (so funds merely shift from one department to the other.)

Councilmember Giordano brought up the topic of the City Commissioner recognition event. The City saved some money by bringing the Commissioners to City Hall rather than incur the expense of a dinner. Could more money be allocated in the budget for this event? The Finance Director stated the same amount of money was included in the new budget (approximately \$14,000) for an event.

A great deal of discussion ensued around the recognition event. Some Commissioners commented that they would like to return to a dinner event, which some Councilmembers supported. Other Councilmembers appreciated the effort to contain the costs, and enjoyed the recent event held at City Hall. Ultimately, the budgeted amount proposed (\$14,000 within the Community Promotions line item) remained the same and the City Council could direct staff at a later date as to the specifics of the event.

The Mayor invited additional audience speakers:

Susan Bryant, reported challenges traveling on Calaveras Rd, and requested that the City create safe wheelchair access there, so residents could get to the County Park further along that road. She presented a written request to the City Council. Mayor Esteves responded to her, saying the City Manager could review this issue and respond back later.

A young man, commented that the City Council had spent one-half hour on the issue of the Commissioner recognition event. That was a waste of time, when the City was facing a \$5 million deficit for the next fiscal year.

Grace Carruth, spoke to the Council for the Bible's Way Apostolic Baptist Church – in town since 2001 - noted that some Councilmembers had changed since she last spoke at the podium. She appealed to the City to help the community with issues of drug and alcohol abuse, and to support more church events. She brought church members with her at the meeting and was soliciting the City for funding. City Manager Lawson responded that staff could contact her.

Councilmember Polanski asked about the personnel allotment for the City Manager's staff of four full time employees. She reiterated that the Assistant City Manager was vacant, as was the Executive Secretary. The Human Resources Director reported about vacancies overall, including those identified in the City Manager's office.

Vice Mayor Gomez reported that the Finance Subcommittee workplan went before the Council, which authorized it, and on that workplan was a request for information on vacancies. The H.R. Director's memo would be reported and reviewed soon.

- **City Clerk**

City Clerk Mary Lavelle presented her division budget, noting the one significant increase for the next fiscal year was for the November 7 municipal election expense. She reported that the division was operating, and would continue to do so, under the 95% funding budget (as currently in place). Ms. Lavelle highlighted passport activity in the City Clerk's office, as well as implementation of the Open Government ordinance.

Councilmember Polanski asked about the hours for passport acceptance, and if service had increased. Ms. Lavelle reported an increase in available service hours in the past year, yielding \$74,000 in revenue from passport execution fees.

Councilmember Livengood offered thanks to the Clerk and her office staff for work done with less, as all City departments had been doing. Mayor Esteves inquired about the anticipated passport revenues.

- **Redevelopment and Economic Development**

Economic Development Manager Diana Whitecar reported on this second year of the economic development plan, and highlighted program activities. She reported accomplishments including the Economic Development Action Plan, the Redevelopment Implementation Plan, and the recent success of the well-attended "Doing Business in Milpitas" workshops for those who wanted to start a business in the City.

Councilmember Giordano served as the liaison to the Chamber of Commerce and Ms. Whitecar thanked her for the important link to the Chamber.

Noting there was no RDA office or staff, Council asked her how the Redevelopment work was accomplished. Ms. Whitecar explained that with regard to project management, that occurred with oversight for each specific project, such as Mr. Mark Rogge managing all aspects of the new Milpitas library. The Agency was building a foundation for the future.

Councilmember Polanski inquired about installation of a local identifier, entry-way sign for Milpitas and its status. Ms. Whitecar replied that it was in the budget and would be reviewed in the coming year.

Mayor Esteves asked if any members of the audience wished to speak.

Don Peoples, president of the Milpitas Downtown Association and an Economic Development Commissioner, noted that economic indicators showed improvement in this regional area, with many people working to make that happen. Improved economic development would help the City, especially in the downtown part of Milpitas. He told the Council it needed a good budget for the downtown to implement the Precise Plan there. He also complimented Ms. Whitecar's work to date.

- **Building and Safety**

Chief Building Official Keyvan Irranejad described success with plan checks, inspection and permit processing functions in his department. Accomplishments included express and by-appointment plan check, consistency in inspections and plan check, and a homeowners program.

Councilmember Giordano wanted to ensure that the Building Department's volume of work was not understated. Mr. Irranejad was staying conservative on his proposed numbers. She thanked him and his staff for working with an incredible growth in work load. Mr. Irranejad remarked that this past fiscal year was the third highest year in the City's history for building inspections. He and his staff had emphasized cross-training this year.

Mayor Esteves considered Building Inspection as a revenue center. He wanted to increase volume and to increase the number of people the city was serving. Would the new online permitting software be effective in six months, he inquired and the Chief Building Official replied yes.

Councilmember Polanski noted that he was currently allotted 24 full time employees with five vacancies and asked if he wanted to fill some vacancies. The Building Official replied yes. Cross-training of employees had helped and his staff understood the City's budget situation, so far, they were doing ok and meeting requirements. Ms. Polanski suggested the use of local university interns.

At 8:42 PM, Council took a 10-minutes break and reconvened at 8:55 PM.

- **Recreation Services**

Recreation Services Manager Bonnie Greiner described her department, consisting of 29 full time employees and 200+ part-time temporary staff, at four facilities. She highlighted programs enjoyed by residents, up-to-date facilities available to the community, support provided to six Commissions, the Recreation Assistance Program, special events such as July 4th and the increased participation in recreation around the City.

Councilmember Giordano asked if the Camp Stay'n'Play remained in the budget, and staff replied yes. Also, Ms. Giordano asked how to fund the Bingo Board requested at the beginning of the meeting. The City Attorney stated that Council could come to consensus at this meeting and later determine the actual source of funding. Ms. Giordano wanted to ensure there was at least \$10,000 allocated for the Bingo Board for the Senior Center.

Motion: ensure at least \$10,000 allocation for the Bingo Board for the Senior Center

Motion/second: Councilmember Giordano/Councilmember Livengood

Motion carried by a vote of: AYES: 5
NOES: 0

Vice Mayor Gomez noted that forming a non-profit organization to apply for grants available in the future should be pursued. Ms. Greiner stated that the Parks, Recreation and Cultural Resources Commission was investigating that possibility.

Councilmember Polanski brought up the Stay'n'Play program and expressed her support for it, confirming that no budget cuts were proposed for it. She asked staff about cost recovery for some of the programs. Recreation Manager Greiner reported she would be happy to return to the City Council with suggestions for increased fees, to be adjusted to stay similar to competitive programs' rates.

Councilmember Livengood inquired about the increase in adult sports participation. Ms. Greiner reported that had occurred with table tennis/ping pong and fitness center classes most recently. Advertising and outreach helped. Mr. Livengood asked about drop-in programs and staff replied volleyball and basketball were popular. He appreciated Recreation staff working more with less, and their overall dedication.

Mayor Esteves wanted to ensure the City does not turn away residents. He asked if there was a waiting list. Pre-school had a large wait list. Mayor wanted staff to look into how to meet those needs. He suggested to keep increasing our services as our population increases. The staff should look at new services, to improve and increase those for the senior citizens

in particular. Ms. Greiner responded that folks were extremely active at the Senior Center, with outreach, and an increase in participants in the daily meals program was noted.

Jennifer Tagalog, Recreation Services Supervisor at the Senior Center, reported on recent new activities at the Senior Center: “Star Trackers” for Seniors, walking at the Great Mall, Sit’n’Fit exercise program, and “Movie Mondays” and Chinese movies on Fridays, among other scheduled activities.

Mayor Esteves asked for comments from the audience.

Teresa Allard, noted how competitive it was to get in these programs for City residents and children. There was high density housing coming in, and not enough recreation, so she asked Council to maintain what was available. Council must stay in touch with the peoples’ needs in the City.

Sonya Roullard and Linda Lambert, thanked the Council for maintaining all the programs. They asked to continue to hold these programs into the future. Sonya had moved here from New York City and valued Milpitas as a place to raise her family, and requested Council to make Recreation Services a priority in Milpitas.

Nicholas Adams, has been involved with Rainbow Theatre, and sang part of a song to demonstrate his commitment to theatre, which he wanted Council to continue funding.

Andrew Zapa, an 11 yr old from Fremont, said it was an unforgettable experience getting involved. He would be willing to pay more to remain involved in the Rainbow Theatre.

Stephan Smitz, supported Rainbow Theatre and thanked City Council for no cuts to the Theatre. He appreciated the help it gave his daughter.

The budget topic returned then to the Chief Building Official, when someone had asked about vehicles used. The Finance Director explained that maintenance of vehicles, including planned amortization cost of those vehicles, was noted within each department’s budget. So, Building Inspection services, which utilized many vehicles in the City’s fleet, has a line item to cover the future cost of replacement of today’s cars and trucks in use.

- **Information Services**

Information Services Director Bill Marion presented his budget and reported three areas that I.S. focused on: technology management (such as maintaining more than 500 computers), project management, and Public Information (on Channel 15, City’s radio station and website). He highlighted three significant accomplishments over the past year: information access (including cable television franchise renewal with a new cable access channel), the Computer Aided Dispatch center for public safety, and the expansion of the City’s wireless network, with two provider agreements recently signed.

Councilmember Livengood noted it was a “banner year” for technology in Milpitas. He was excited for the new cable television studio agreed to in the renewed Comcast franchise agreement. Also noted was the wireless internet service coming to the City very soon.

Mayor Esteves asked Mr. Marion about the effective response time of 30 minutes to calls to the Helpdesk, for tech needs within the City government. Mr. Marion replied that the quick response time was possible due to availability for Helpdesk staff to access others’ computers via the web and use of several software programs. Service was available beyond 8 AM – 5 PM, with staff on call for urgent needs.

- **Human Resources**

Human Resources Director Carmen Valdez reported on her centralized full service department handling recruitments, benefits administration including workers compensation

program, and conducting labor employee relations. She identified three major accomplishments, including CalPERS conversion, the Injury and Illness Prevention Program, and training employees to avoid sexual harassment.

Mayor Esteves asked what was the City's training budget. Ms. Valdez replied \$17,000, and he questioned its adequacy. Staff responded that amount was for City-wide training and then each department budgeted what it might require, including for safety classes.

Councilmember Livengood asked staff to highlight the reduction in workers' compensation claims over the past two years. Ms. Valdez explained there were approximately eight employees out on worker compensation claims, while there had been more than 30 about two years ago. The numbers were achieved with a combination of good employee morale, implementation of safety programs, and union negotiations.

Councilmember Polanski inquired about specific training for the Human Resources department staff itself. Ms. Valdez sent staff out to learn more about current labor law, labor negotiations, recruitment and related work ongoing in the department.

City Manager Lawson followed up on the workers' compensation issue, reporting that there was good employee morale city-wide overall.

- **City Attorney**

City Attorney Steve Mattas reported on his office's main functions: legal advice and counsel services, representing the City in lawsuits, and labor arbitrations (avoided lately), grievances and negotiations. Accomplishments of the City Attorney in the past year included labor negotiations (MOUs), agreement on the Elmwood/Terra Serena project, and efforts with the new Open Government ordinance.

Vice Mayor Gomez asked that as the only contracted service, what measures were in place to ensure the City was using the City Attorney, only as needed? Mr. Mattas replied that the staff used his services very efficiently in this city (compared to other cities he served). He mentioned also that the Finance Subcommittee had reviewed costs of a contracted attorney v. in-house City Attorney. Mr. Mattas reported, finally, that the services for Milpitas were competitive (in terms of hourly rates paid for attorney services).

Mayor Esteves inquired how he could help reduce this cost for City Attorney. Mr. Mattas explained that the City had the services of experienced attorneys, who take less time to do the work than an in-house attorney, for example. Also, the range of services his firm was able to offer the City was likely more broad than those of one single City Attorney.

- **Public Works**

City Engineer/Public Works Director Greg Armendariz explained that Public Works was divided into six sections: parks, streets, trees, facilities, vehicle/fleet maintenance, and utilities.

Public Works received approximately 3300 service request per year (for example calls for sewer, signal problems, street lights, graffiti, dead animal pick up and others). Staff responded on the same day to nearly all calls, and for emergency notifications, immediate response was provided, even during heavy storms this past spring. The City has a high-level maintenance program with outstanding employees. The Public Works Director highlighted the pavement program as one example, with one of the best in the Bay Area with regard to pavement condition.

Under vehicles in the Public Works budget, Councilmember Giordano questioned the zero amount. She also asked where vehicles were serviced and whether rising gas costs were reflected. Mr. Armendariz replied that a \$150,000 increase in supplies was requested in the budget for gas. He gained up some equipment last year, but no purchase of new trucks or vehicles was planned for next year.

Councilmember Livengood reminded Council of the ideas put forward last year by Vice Mayor Gomez and Mrs. Polanski and asked what was the status of those. Staff replied that projects were already under construction in the "Safe Streets Program" and he planned to present those under the Capital Improvement Program later.

Mr. Livengood thanked the Public Works staff and he appreciated their hard work, especially in road repairs, even with less staff.

Vice Mayor Gomez also offered his thanks to the City staff in Milpitas. He mentioned what occurred in neighboring San Jose on sidewalks (less attention than in this City). In San Jose, street trees were cared for less frequently too.

Mayor Esteves referred to the rating of 76, as the pavement condition index. Mr. Armendariz confirmed that, stating it was higher than many in the Bay Area. The Mayor asked if the proposed budget was enough to maintain and staff explained outside funds were pursued, beyond the gas tax funds amount allocated for the City. For example, recently the City had success with \$1.2 million in grants for re-surfacing of Park Victoria.

Mayor Esteves inquired about trees. Public Works Supervisor Carol Randisi stated there were close to 12,500 trees in the inventory and staff planned for planting 500 new trees per year. The City did lose some each year (with a net gain of 450 each year). The Mayor wanted to ensure an adequate budget to support the plan for maintaining and increasing trees throughout the City.

- **Engineering**

City Engineer Greg Armendariz reported on the five sections within this department: RDA Projects, Design and Construction, Land Development, Traffic, and Utilities and Solid Waste Services. He highlighted major functions, such as transportation and traffic engineering, public facilities construction management, and review of subdivision plans and maps. Among Engineering's accomplishments were major utility enhancements.

Over the last fiscal year, it was a busy and productive year, completing 17 Capital Improvement Projects such as Berreyessa Creek Trail, and the Sports Center Pool Resurfacing. 28 private development projects had been completed. Engineering was then working on 30 projects under review. Recently, single stream recycling was launched in the City. Also mentioned was the increase of one million gallons per day capacity for sewer needs.

Councilmember Livengood inquired about the status of the sewer capacity agreement and was pleased to learn that the agreement was signed, and payment was due to be made to Santa Clara Valley Water District soon.

Mr. Livengood commented on the positive feedback from citizens he had received on the new single stream-recycling effort. Hetch Hetchy water work was important too, as an agreement would get signed this year.

Mayor Esteves questioned the request for overtime increase. The City Engineer replied that on some of the major projects it would be required, such as: the new library, Main Street work and DeVries senior housing. Preparing for the larger work load with intense construction work in the City did require some overtime costs for staff, Mr. Armendariz explained.

- **Planning and Neighborhood Services**

Planning and Neighborhood Services Manager Tom Williams, provided an overview of planning services. Planning, Neighborhood Preservation (code enforcement), and Housing were the divisions in his department. Significant accomplishments in the past year included

the implementation of the Mid-Town Plan, with 1200 new housing units going in, and also the resolution of more than 1900 municipal code violations.

Councilmember Livengood dealt with landowners and developers and wanted Mr. Williams to know that he had heard very high marks about the new Manager. So, he appreciated the work and the “breath of fresh air” in the planning department. Mr. Livengood thanked the Planning staff and inquired about the transportation development plan, noting there was a consultant, so what was planning staff’s involvement in that project? Mr. Williams responded that a senior planner was acting on 75% of that project, and noted that a 3.5% fee was charged to developers to allow for cost recovery of that program.

Councilmember Polanski remarked on federal Community Development Block Grant funding and the reduced amount of money. She asked if staff had heard if any more major reductions were planned? Mr. Williams replied no, just the reduction already known for this fiscal year.

Mayor Esteves provided special thanks specifically for Senior Housing and Neighborhood Preservation Specialist Gloria Anaya and her staff. She dealt with some irate residents throughout the year, providing assistance and did so very well.

- **Police**

Police Chief Thomas Nishisaka reported on the continued high quality full service of the Milpitas Police Department, provided 24 hours a day, 7 days a week. Police promoted traffic safety (including crossing guards), crime prevention, and overall safety. The community was happy with the officers and staff response to emergencies, with a very fast response time of 3.30 minutes. Additionally, Milpitas had one of the lowest crime rates in the Bay Area – in fact, crime was down 3.3% since the last fiscal year.

Councilmember Giordano asked why workers’ compensation was reduced so much. Chief Nishisaka reported that the rate went down, as did the number of employees, so the overall cost for this line item was smaller than last year.

Councilmember Polanski asked more about the crime analyst position. She scanned the website, and got alerts from the Police Department. Was this able to be done due to the crime analyst; the Chief responded yes. Councilmember Polanski asked whether there were other valuable talents of the analyst and if so, to let the public know.

Vice Mayor Gomez inquired on the average police response time. Mr. Livengood noted that the new Computer Aided Dispatch/GIS system helped dispatchers tremendously, where they could see on a screen where every officer in the City was located at one time. The Vice Mayor had proposed cuts in an earlier memo, including police staff, but if the Police Chief had alternatives for funding the crime analyst, then Council would entertain reviewing any alternatives.

Mayor Esteves congratulated Chief Nishisaka for his 40 years service to the City. He still desired that Mr. Nishisaka be appointed as the permanent Chief of Police. He mentioned that Milpitas had the lowest crime rate, and could he (Mayor) get a copy of statistics showing that data, in order to promote the City? The Chief noted reduction from 37 to 36 incidents/thousand demonstrated that the crime rate had gone down in this City.

Mayor Esteves requested, in terms of traffic citations, how did Milpitas fare in terms of revenue? Finance Director Karlen responded the City received an allocation from the County, and it was around the same level last year as this year (she would need to research the exact figure).

- **Fire**

Fire Chief Clare Frank discussed the primary functions of the Fire Department, including emergency response as the priority, training as an internal function for the firefighters, external training for preparation of citizens through the Strategic Actions For Emergencies (“SAFE”) program, along with prevention and enforcement in the Fire Prevention office.

Over the past year, there was excellent response time to incidents: four minutes, seven seconds (lowered by four seconds since last year). Part of the reduction was attributable to the new dispatch system. There had been 47 new citizen SAFE graduates. Also the Fire Department was the first in the County to become National Incident Management System (“NIMS”) compliant, and Milpitas Fire continued working well with other departments.

The matter of overtime costs, a previous issue of contention, had been reduced and major credit goes to the City Council for bringing that issue forward and then a large amount of credit goes to the firefighters for working to reign in those hours to reduce costs.

Councilmember Giordano asked about the lack of request for funds under capital outlay (it was zero). Chief Frank replied that the City had a well-maintained vehicle fleet, partly due to recent purchases, and thus no new major expenses were anticipated in this area.

Councilmember Polanski inquired about which one fire station had fewest calls. The Chief replied that she could review the statistics for the City Council.

Vice Mayor Gomez wondered what was the policy on surplus equipment in the Fire Department. Chief Frank responded that staff was currently reviewing all policy, and there was none written on that issue. The practice was to check with neighboring departments to determine if they could use any surplus items.

Councilmember Livengood stated the issue of contention regarding overtime was his fault. Overtime was considered an asset of the City, and now it was managed well. The computer dispatch affected the entire City (rather than previously four districts). He asked the Fire Department to look at response times, when an engine was sent to the closest location but then was not available to any farther away area, and whether ultimately that would create longer response times than needed. Chief Frank responded she would do so & report back.

Mayor Esteves asked why the overtime dollar amount was higher than last year? Chief Frank responded that it was a proposed budget only, based on a slight salary increase and the increased vacancies anticipated, due to likely retirements.

- **Finance**

Finance Director Emma Karlen highlighted the major functions of the Finance Department, including business license applications, accounts payable/receivables, risk management (working with ABAG Plan), and even water meter reading. Accomplishments in the past year included the initiation of the City’s risk management and risk prevention program (IIPP), along with cross training of department staff, and a newly revised Municipal Code on Purchasing.

Mayor Esteves congratulated the Finance Department for achieving the Distinguished Budget Presentation award. He asked about the City’s “AA” bond rating, and the Finance Director stated that in Santa Clara County, only Sunnyvale also had that level rating.

- **Non-Departmental**

Ms. Karlen then highlighted what the non-departmental section of the budget contained. The budget included items such as: \$2.7 million for salary and benefit, \$16 million for services/ supplies (including liability insurance and utilities), \$17.9 million for debt service and \$356,000 for capital outlay (for vehicles fully depreciated). In the next fiscal year, the City would no longer have to pay to the state any ERAF money (\$2.5 million). The Mayor asked for speakers from audience.

Rob Means came to the podium to ask about the \$4 million for purchase of land. Ms. Karlen responded that Milpitas was in the fourth year of an agreement, and that according to the schedule, this was the amount for the annual payment (\$135 million was the total payoff over 20 years).

3. Review of Redevelopment Agency Budget and Financing

Finance Director Karlen next discussed the RDA budget. There was a 7.2% increase overall, from the tax increment revenue. The RDA had drawn down on bond proceeds, with less interest on balance. Upcoming, the Agency would pay for several significant projects in the community, such as new the Milpitas library and Mid-Town streets.

The \$6.1 million transfer proposed last year, included for balancing the budget, was not now needed in full (entire amount), so she proposed to transfer the \$5.1 million forward to the next budget year.

Citizen **Rob Means** asked a lengthy detailed question regarding elements of RDA funding for City projects, and why the City did not receive \$100,000 each year. Ms. Karlen agreed to respond to Mr. Means' question at a later time.

Moving on to the next part of the agenda, Ms. Karlen explained, that with regard to the Budget Guidelines and Fiscal Policies, the Agency had last reviewed those a dozen years ago, and thus she requested that the City Council/RDA update those (according to her memo of May 1).

The Guidelines would define "balanced budget" and called for the inclusion of Five Year General Fund projections in each proposed budget, would increase the City Manager's budget authority from \$10,000 to \$20,000, and would re-appropriate unspent budget amounts funded by grant revenues. She had planned to highlight further what was written in her memo to update policies.

Motion: review the proposed Capital Improvement Program at the next Council meeting, and approve Budget Guidelines and policies at a future Council meeting.

Vice Mayor Gomez agreed with the motion to move some of the scheduled actions on this meeting's agenda to the next regular City Council meeting (the following Tuesday), with the CIP and Policies at next meeting on May 16, as well as the ordinance and reclassification topics.

Motion/Second: Vice Mayor Gomez/Councilmember Livengood

Motion carried unanimously by a vote of: AYES: 5
NOES: 0

ACTIONS

1. Motion: Move to close the Public Hearing

Motion/Second: Vice Mayor Gomez/Councilmember Livengood

Motion carried unanimously by a vote of: AYES: 5
NOES: 0

2. Motion: conceptually approve the 2006-07 City/Agency Proposed Budget; including the memo and suggestions prepared earlier in the April 16, 2006 memo to Council by Mr. Gomez and Mr. Livengood

Mayor Esteves stated he was not comfortable with the proposed budget and increases, would like more programs, and was not comfortable with more vacancies unfilled, so he would vote no.

Councilmember Polanski announced she would not support the budget nor the memo, based on comments she had made at the last Council meeting.

Motion/Second: Vice Mayor Gomez/Councilmember Giordano

Motion carried by a vote of: AYES: 3
NOES: 2 (Esteves, Polanski)

3. Conceptually approve the 2006-2007 Capital Improvement Program

Continued to the next City Council meeting.

4. Conceptually approve the Preliminary Five-Year (2006-2011) Capital Improvement Program

Continued to the next City Council meeting.

5. Conceptually approve the revised Budget Guidelines and Fiscal Policies

Continued to the next City Council meeting.

6. Consider Ordinance No. 197.9

Waive First Reading Beyond the Title and Introduce Ordinance No. 197.9, approving the reorganization of Public Works and Engineering by amending Section 1.00 of Chapter 3, Title VI of the Milpitas Municipal Code, related to City departments

Continued to the next City Council meeting.

7. Approve the reclassification of Office Assistant II and Cashier to Fiscal Assistant I/II in the Finance Department

Continued to the next City Council meeting.

ADJOURNMENT

Mayor Esteves adjourned the Joint City Council/RDA budget hearing at 11:02 PM.

The foregoing minutes were approved by the Milpitas City Council as submitted on June 6, 2006.

Mary Lavelle
City Clerk